

Management Control Evaluations

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Management Control Evaluations

- ✓ **Most Vulnerable Areas - Key Controls**
- ✓ **Higher Risk More Frequent**
- ✓ **Don't Know If We Don't Check**
- ✓ **Reasonable Assurance**



Three Basic Criteria for Acceptable Evaluations

- ✓ **Assesses key management controls in functional area.**
- ✓ **Actually tests those key controls.**
- ✓ **Documents the evaluation.**



Management Control Evaluation Checklist

- ✓ **Questions = Requirements**
- ✓ **Functional experts should answer the questions.**



Methods of Testing Management Controls

- ✓ **Sample from files.**
- ✓ **Examine documents.**
- ✓ **Interview responsible functional.**
- ✓ **Observe operation/procedure.**
- ✓ **Review the procedure (SOP).**
- ✓ **Run system simulation.**



Document Results of Management Control Evaluations

- ✓ **Show control is in place.**
- ✓ **Identify the method of testing.**

REMEMBER - Documentation should show “What is supposed to be happening is indeed happening.”



Answer Common Sense Questions

- ✓ **WHO?**
- ✓ **WHAT?**
- ✓ **WHEN?**
- ✓ **WHERE?**

REMEMBER: Include enough explanation to satisfy auditors.



Document the Results in Other Situations

- ✓ **Control is not in place.**
- ✓ **Control is not working.**
- ✓ **“What is supposed to be happening is not happening.”**
- ✓ **We use different control to achieve same result.**



Then Explain

- ✓ **How we will put the management control in place or correct it, and when, or**
- ✓ **Why the situation is not a control problem, or**
- ✓ **Our alternate control.**



First Example

✓ AR 27-20, Claims Services

c. Are procedures in place to ensure affirmative claims are asserted within the statute of limitations and reviewed every 60 days?



First Example Response

- ✓ **AR 27-20, Claims Services**
 - c. Are procedures in place to ensure affirmative claims are asserted within the statute of limitations and reviewed every 60 days?**

Method of Testing: FILE/DOCUMENT ANALYSIS
Reviewed 10% of claims in claims files XYZ123 and ABC345. We handled the claims in accordance with statute of limitations and reviewed them every 60 days.



Second Example

- ✓ **AR 385-10, Army Safety Program**
- i. Is there a program or policy for reporting for reporting unsafe or unhealthful conditions?**



Second Example Response

- ✓ **AR 385-10, Army Safety Program**
 - i. Is there a program or policy for reporting for reporting unsafe or unhealthful conditions?**

Method of Testing: FILE/DOCUMENT ANALYSIS and OBSERVATION.

Results of Army Safety Program Evaluation of our program show we developed policy for reporting unsafe and unhealthful conditions. We posted contact information for reporting unsafe/unhealthful conditions. We provide periodic safety training where we go over procedure to report unsafe conditions.



Third Example

- ✓ **AR 27-1, Army Law Library System (ALLS)**

C-4. Does the ALLS administrator have a copy of the annual inventory conducted by each Army law library?



Third Example Response

✓ AR 27-1, Army Law Library System (ALLS)

C-4. Does the ALLS administrator have a copy of the annual inventory conducted by each Army Law library?

Method of Testing: FILE/DOCUMENT ANALYSIS

Our review of library records shows we did not receive a library distribution. Memo dated 21 April 2001 requested that OSC be added to distribution. We do not consider this to be a material weakness (minor).



Fourth Example

✓ **DFAS IN 37-1, Appendix C,
Accounting Operations**

54. Do procedures require all actions affecting a fund balance to be certified by an individual knowledgeable about that balance?



Fourth Example Response

✓ **DFAS IN 37-1, Appendix C, Accounting Operations**

54. Do procedures require all actions affecting a fund balance to be certified by an individual knowledgeable about that balance?

**Method of Testing: DIRECT
OBSERVATION/INTERVIEW**

Our review of procedures and interview with RMF team chief indicated that we do not currently require certification. On 15 April 2001, RMF took action to correct this action, by requiring certification in a new policy/guidance. We checked and found that our personnel are obtaining certification. We now consider this to be a corrected material weakness.



Fifth Example

✓ Contract Office Management

3a. Do you accomplish all purchasing and contracting actions(except credit cards) using the Standard Army Automated Contracting System (SAACONS)?



Fifth Example Answer

✓ Contract Office Management

3a. Do you accomplish all purchasing and contracting actions(except credit cards) using the Standard Army Automated Contracting System (SAACONS)?

ASC uses a better system, Contract Review Automated Program (CRAP). The CRAP system interfaces with SAACONS.



If.....

- ✓ **The question concerns a control that is not our responsibility.**
- ✓ **The situation described has never occurred.**



Then Explain

- ✓ Who is responsible for the control.
- ✓ That the situation has not occurred.



Sixth Example

✓ **AR 380-19, Information Systems Security**

h. Do you routinely test countermeasures (e.g. user ids, passwords, audit trails)?



Sixth Example Response

✓ AR 380-19, Army Information System Security Program

**h. Do you routinely test
countermeasures (e.g. user ids,
passwords, audit trails)?**

**We are not responsible for the testing of
countermeasures. RIA security is
responsible for the testing of
countermeasures for the tenants of RIA.**



Certification Statement

- ✓ **Responsible senior level managers need to certify the evaluation.**
- ✓ **They need to sign the DA Form 11-2-R, Certification Statement.**